

Message Text

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ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 CAB-09 CIAE-00 COME-00 DODE-00

INR-10 NSAE-00 RSC-01 FAA-00 L-03 DRC-01 XMB-07

TRSE-00 AID-20 EA-11 EUR-25 /115 W

----- 020497

P R 071246Z MAR 74

FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC PRIORITY 2453

INFO AMEMBASSY LIMA

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LIMA FOR IRISH

E.O. 11652: N/A

TAGS: ETRN, EFIN, BL

SUBJ: LAB JET PURCHASE

REF: (A) LA PAZ 0458; (B) LA PAZ 0721; (C) LA PAZ 1268

1. SUB-SECRETARY FOR CIVIL AVIATION CASANOVAS HAS ASKED EMBASSY'S ASSISTANCE IN OBTAINING US \$ 5 MILLION EXIM BANK FINANCING FOR PURCHASE USED 727-100. EMBASSY UNDERSTANDS THAT BOLIVIAN AMBASSADOR IN WASHINGTON HAS BEEN INSTRUCTED TO SEEK FINANCING FOR LAB AND WILL ALSO BE MAKING REPRESENTATIONS FOR EXIM FINANCING.

2. BOLIVIAN OFFICIALS STATE THAT REQUEST GROWS OUT OF CONVICTION THAT NEW PLANE CAN BE PURCHASED AT SUBSTANTIAL SAVING IF PURCHASE CAN BE "DIVORCED" FROM FINANCING.

3. EMBASSY BELIEVES THAT DECISION ALSO REFLECTS FRUSTRATION OVER RECENT EFFORTS TO OBTAIN FINANCING AS PART OF PACKAGE DEALS. LAB SIGNED PURCHASE AGREEMENT WITH MELLON INTL. TO PURCHASE TIA PLANE BUT DEAL FAILED APPARENTLY OVER DELIVERY AND GUARANTEE ARRANGEMENTS ALTHOUGH TWO PARTIES SEEM TO HAVE BEEN

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VERY CLOSE TO AGREEMENT. NOT CLEAR WHY FIRST PENNSYLVANIA

BANK DEAL FAILED. EMBASSY HAS HEARD FROM LOCAL BANKING SOURCE THAT FIRST PENNSYLVANIA WAS PUT OFF WHEN IT RECEIVED IMPRESSION THAT EXIM WOULD NOT PARTICIPATE IN OR GUARANTEE FINANCING. UNDERSTAND EXIM WAS ALSO APPROACHED IN CONNECTION MELLON DEAL. GOB HAS ALSO SOUGHT ANDEAN CAF FINANCING AND RECEIVED ASSURANCES THAT CAF BOARD WOULD CONSIDER PURCHASE OF PLANE FOR LEASE TO LAB AT ITS APRIL MEETING. BOLIVIANS STRONGLY PREFER PURCHASE TO LEASE AND SUSPECT CAF ARRANGEMENT IS BACKED BY ANDEAN INTEGRATIONISTS AS STEP TOWARD FORMATION ANDEAN AIRLINE. LAB PRESIDENT BILBAO HAS ALSO HAD CONTACT WITH IVOR CLARK, WASHINGTON MONEY BROKER, BUT WITHOUT SUCCESS.

4. EMBASSY URGES EXIM, COMMERCE AND STATE DEPARTMENTS, AND OTHER WASHINGTON AGENCIES TAKE ACTIVE INTEREST IN BOLIVIAN EFFORTS TO PURCHASE SECOND JET FOR LAB. BOLIVIANS LEAN NATURALLY TO BUYING FROM U.S. SOURCE BUT HAVE BEEN APPROACHED BY JAPANESE AND SPANISH. BOLIVIANS, MOREOVER, HAVE PLACED REQUEST ON GOVERNMENT-TO-GOVERNMENT BASIS SEEKING U.S. ASSISTANCE SIMILAR TO THAT RENDERED ON PURCHASE OF FIRST JET. BOLIVIAN OFFICIALS ARE NOT GREATLY EXPERIENCED IN FINANCIAL NEGOTIATIONS AND EMBASSY BELIEVES THAT AFTER INVESTIGATION WASHINGTON AGENCIES MAY 1) FIND JUSTIFICATION FOR EXIM FINANCING, AND 2) HELP FACILITATE DISCUSSIONS BETWEEN LAB AND COMMERCIAL BANKS. IT IS CERTAINLY DESIRABLE FOR MANY INTERESTED PARTIES THAT DICKERING OVER ADDITIONAL JET NOT BE FURTHER PROLONGED, SO THAT EXISTING JET (WHICH EXIM FINANCED) CAN BE PUT INTO OVERHAUL AS NEAR TO SCHEDULED TIME AS POSSIBLE.
STEDMAN

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